

## SETTLEMENT AGREEMENT

### RECITALS

This Settlement Agreement is made and entered into between the U.S. Department of Housing and Urban Development ("HUD" or "the Department"), and TitleVentures.com, TitleVentures.com's predecessor entities, Lender's Title & Escrow, LLC, Jerry D. Holmes, Jr., both individually and in his capacity as part owner and President of TitleVentures.com, Inc., and Jerry D. Holmes, Sr., both individually and in his capacity as part owner of TitleVentures.com (collectively "Respondents").

Whereas, Section 8(a) of RESPA, 12 U.S.C. § 2607(a), prohibits the giving and receiving of any kickback, or thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or a part of a real estate settlement service involving a federally related mortgage loan shall be referred to any person;

Whereas, Section 8(b) of the Real Estate Settlement Procedures Act ("RESPA"), 12 U.S.C. § 2607(b), prohibits the giving and receiving of any portion, split or percentage of any charge made or received for the rendering of a real estate settlement service in connection with a federally related mortgage loan other than for services actually performed;

Whereas, 24 CFR 3500.14 sets forth the implementing regulations for RESPA Sections 8(a) and 8(b), and 24 CFR 3500.15 sets forth requirements for affiliated business arrangements;

Whereas, HUD's Statement of Policy 1996-2 sets forth the factors that the Department uses to determine whether a controlled business arrangement is a sham under RESPA or whether it constitutes a bona fide provider of settlement services;

Whereas, the Department has completed an investigation into Respondents' business practices as providers of title services;

Whereas, Respondents have cooperated with HUD's investigation;

Whereas, the Department, as a result of its investigation, initially determined that Lender's Title & Escrow, LLC, as general partner, formed limited partnership arrangements with mortgage brokers and real estate brokers in North Carolina, South Carolina, Tennessee, Georgia, and Ohio to perform title work; that subsequently the title work was performed by TitleVentures.com as an independent contractor with the affiliated partnerships; that the mortgage and real estate brokers, through the affiliated partnerships, received a large percentage of the title premiums for performing little or no title work; and that by engaging in these practices, Respondents violated RESPA § 8;

Whereas the Department's investigation has determined that Respondents and their affiliates created "preferred attorney" lists; that real estate closing work would be

referred only to attorneys on the preferred lists; that an attorney would be placed on a preferred list only by agreeing to place title work generated by the referral with TitleVentures.com; and that by engaging in this practice, Respondents violated RESPA § 8;

Whereas, the parties to this Settlement Agreement now desire to avoid further expense and proceedings and to settle this matter under the terms and conditions set forth below; and

Whereas, the terms set forth in this Settlement Agreement are an appropriate disposition of this matter and in the public interest:

### AGREEMENTS

NOW THEREFORE, in consideration of the mutual promises and representations set forth herein, and in further consideration for HUD's reliance upon the substantial accuracy and good faith of the representations and submissions made to it by Respondents, the parties, intending to be legally bound, agree as follows:

1. The foregoing recitals are incorporated in this Agreement.
2. Respondents agree to comply with all provisions of RESPA, its implementing regulations, and related HUD policy statements.
3. Respondents agree to terminate all operations of the following title agencies within 20 days, and agree to have all final policies completed within 60 days:

1<sup>st</sup> Choice Title Agency, LLC, Greensboro, NC  
1<sup>st</sup> Premier Title Agency, LLC, Nashville, TN  
Accurate Title Agency, LLC, Asheville, NC  
Advantage/Alternative Title Agency, LLC, Raleigh, NC  
Assurance Title Agency, LLC, Kingsport, TN  
Benchmark Title Agency, LLC, Memphis, TN  
Centurion Title Agency, LLC, Asheville, NC  
Charleston Title Agency, Charleston, SC  
CRM Title Agency, LLC, Columbia, SC  
FFSI Title Agency, LLC, Charlotte, NC  
First Resource Title Agency, LLC, Dayton, OH  
Freedom Title Agency, LLC, Asheville, NC  
HPS Title Agency, LLC, Fayetteville, NC  
J&T Title Agency, LLC, Atlanta, GA  
Lake Norman Title, LLC, Charlotte, NC  
Malpaso Title Agency, LLC, Columbia, SC  
Market Title Company, LLC, Raleigh, N.C.  
MST Title Agency, LLC, Chattanooga, TN  
Nationwide Title Agency, LLC, Raleigh, NC

NBC Plus Title Agency, LLC, Nashville, TN  
Preferred Plus Title Agency, LLC, Greenville, SC  
Premier Title Agency, LLC, Greensboro, N.C.  
SCRES Title Agency, LLC, Greenville, SC  
Seaside Title Agency, LLC, Carolina Beach, NC  
South Chase Title, LLC, Asheville, N.C.  
Triad Title Agency, LLC, Winston-Salem, NC  
Triangle Title Agency, LLC, Raleigh, NC  
Vista Title Agency, LLC, Columbia, SC  
Sentry Title Agency, LLC, Nashville, TN

4. Respondents represent that the following title agencies have ceased operations prior to the effective date of this Agreement:

Alliance Title Company, LLC, Charlotte, NC  
Chicago A.M. Title Agency, LLC, Wilmington, NC  
Coastal Title Agency, LLC, Wilmington, NC  
Cornerstone Title Agency, LLC, Charlotte, NC  
Fess Title Agency, LLC, Wilmington, NC  
Piedmont Title Agency, LLC, Charlotte, NC  
Shoreline Title Agency, Wilmington, NC

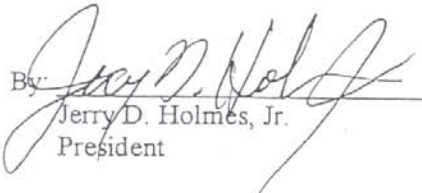
5. Respondents agree to terminate all "preferred attorney" lists and programs, and to cease referral of real estate closing business to particular attorneys in return for an agreement by those attorneys to refer title business to Respondents and/or their affiliated title agencies.
6. Respondents agree, for three years from the date of this Agreement, to operate and/or to hold an interest, directly or indirectly, in no more than a total of twelve title agencies.
7. At all times in the future, any title agencies formed, owned, or operated by Respondents, or in which Respondents have any interest, will be operated in accordance with the following terms:
- Each agency will have sufficient initial and operating capital and net worth to conduct the settlement service business for which it was created.
  - The percentage interest of each party in the profits of a particular agency will be proportional to that party's contribution to the capital of the agency.
  - Return on ownership interest to each owner shall be proportional to the percentage of that party's capital contribution.
  - Each agency will be staffed with employees who work only for it, and who are not employed simultaneously by any other agency, real estate agent or mortgage broker.



- e. Each agency will manage its own business affairs, and will not be managed or controlled by any other entity or person.
  - f. Each agency will have an office for its use in conducting business that is separate and apart from that of any business partner or other settlement service provider.
  - g. Each agency will pay fair market value for the facilities that it occupies and uses in its business.
  - h. Each agency, through its own employees, will provide "core title services" as that term is defined in HUD Policy Statement 1996-4.
  - i. Each agency will actively compete in the marketplace for title insurance business, and will receive at least 40% of its gross revenues from referrals received from parties other than the real estate brokers or agents, mortgage brokers, or other settlement service providers with which it has had an affiliate relationship.
  - j. No agency partner will send business exclusively to one or more "preferred" attorneys; nor will any agency partner require that attorneys or other settlement service providers refer business to that agency partner as a condition of doing business with it.
  - k. Each agency will refrain from business practices that provide to it a fee, kickback, or other thing of value in return for the referral of settlement service business.
  - l. Each agency will ensure there is full disclosure to borrowers of all affiliated business relationships.
8. Within ten (10) business days of the execution of this Agreement, Respondents will remit payment to the United States Treasury in the amount of \$7,500.00.
9. Respondents agree to cooperate with any further HUD investigations of real estate settlement service providers, including affiliated title agencies, in Tennessee, North Carolina, South Carolina, Georgia, Ohio, and other states.
10. Semiannually, for three years after the Effective Date of this Agreement, Respondents will submit to the Department a copy of profit and loss statements, partnership tax statements, and other financial and tax documents for each title agency it owns or operates. With the submission of such documentation to the Department, Respondents will provide a statement certifying that they are operating in compliance with the terms of this Agreement.
11. The agreement to comply with RESPA undertaken in the above paragraphs will apply to all business ventures of Respondents.
12. HUD agrees to take no other direct or indirect action against Respondents for violations of RESPA based on the facts presently before HUD.

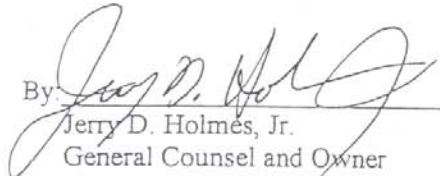
13. Should Respondents, or any one of them, fail to comply with the terms set out above, or should any of their representations prove to be false or incomplete in any material manner, HUD may take appropriate enforcement action, and/or refer the matter to other governmental authorities for further action.
14. It is understood and agreed that, except as otherwise stated herein, this Settlement Agreement expresses the complete settlement of Respondents' liabilities that arose from HUD's investigation upon which this Agreement is based.
15. Each party shall bear its own costs and attorney's fees.
16. This Settlement Agreement applies to and binds each of the persons or entities identified in the first paragraph of this Agreement, and their respective predecessors, successors, directors, officers, employees, agents, representatives and assigns.
17. The "Effective Date" of this Agreement means the date on which it has been signed by all the Parties hereto.
18. Each signatory to this Agreement certifies by signing that he or she is fully authorized by the named party he or she represents to accept the terms and provisions of this Settlement Agreement in their entirety, and that upon execution of this Agreement, he or she binds the party for which he or she has signed.

TitleVentures.com, and its predecessors:

By:   
Jerry D. Holmes, Jr.  
President

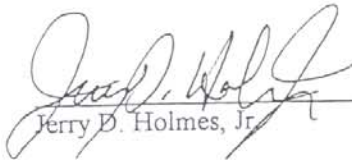
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Lender's Title & Escrow, Inc.

By:   
Jerry D. Holmes, Jr.  
General Counsel and Owner

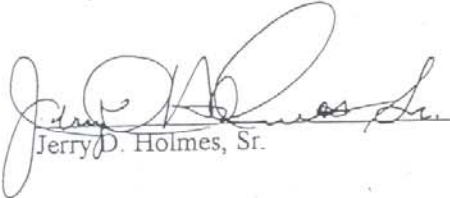
Date: 7-1-2003

Jerry D. Holmes, Jr., in his individual capacity:

  
Jerry D. Holmes, Jr.

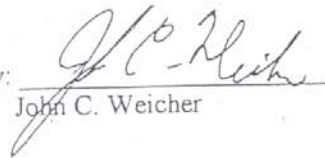
Date: 7-1-2003

Jerry D. Holmes, Sr., in his individual capacity:

  
Jerry D. Holmes, Sr.

Date: 7/3/03

U.S. Department of Housing and Urban Development:

By:   
John C. Weicher

Date: 7/10/07